

January 15, 1991
5:15 p.m.

LANE COUNTY
BUDGET COMMITTEE

Harris Hall
South Room

Chair Karsten Rasmussen presided with Peter Bartel, Scott Bartlett, Steve Cornacchia, Ellie Dumdi, Ron Hansen, Jack Roberts and Jerry Rust present. Jami Counard and Marie Frazier excused. Judy Haldeman, Recording Secretary.

1. Introduction of Members.
2. Appointment of Chair and Vice-Chair.

MOTION: Nomination of Karsten Rasmussen for Chair of the Lane County Budget Committee. Roberts MOVED, Dumdi SECONDED. VOTE: 6-0, Rasmussen abstained. Bartlett tardy.

MOTION: Nomination of Jami Counard for Vice-Chair of the Lane County Budget Committee. Roberts MOVED, Dumdi SECONDED. VOTE: 7-0.

Bartlett entered the meeting at 5:20 p.m.

3. Approval of Minutes.

MOTION: Approval of the Minutes of October 3, October 24 and December 4, 1990. Roberts MOVED, Rust SECONDED. VOTE: 8-0.

4. Budget Direction for 1991-92.

- a. Completing 1990-91.

Jim Johnson, County Administrator, distributed his memorandum entitled "Managed Spending for Remainder of Year" (see material on file). He commented that the Charter will allow the County to subtract the cost of mandated services from the spending limit. There is a need to conserve cash and he considered it a primary obligation of all department directors to manage department spending in the best public interest. The following spending controls will be established immediately: 1) vacancy review committee; 2) out-of-state travel; 3) capital outlay/capital projects; 4) extra help and overtime requests; and 5) revenue collection and fee review. Rust suggested that the tone on 1) would be better captured if it were called a hiring freeze with exceptions.

Counard entered the meeting at 5:29 p.m.

Cornacchia asked how the Budget Committee would be assured that the County would meet the \$2 million reduction figure through County Administration activity or directives. Johnson commented that spending would be monitored through Finance and Audit. Margo Drivas, Assistant County Administrator, stated that in the General Fund there had been \$465,000 in lapse since July 1, 1990. Johnson commented

that clearly the department directors and County Administration needs to say "no". Cornacchia commented that he was concerned that there were no levels or limitations listed in this memorandum. Rasmussen commented that one of the things that the Committee had discussed was trying to spend less time looking at what had been done in the past in terms of budgeting in the departments and concentrate more on what to do now; such as consider zero-based budgeting.

Cornacchia presented an update on the O&C revenues. He reported that the 90 percent guarantee is on the receipts that come in rather than 90 percent of the last three years. The recession and Court cases will impact the receipts this year and BLM sales will be on hold until BLM does an environmental impact statement.

b. Overview for 91/92 and 92/93 Financial Plan Models

Nancy Cameron, Management Analyst, reviewed the financial plan forecast models and Drivas described the three different methods of handling spending reductions (see material on file). The losses due to Ballot Measure 5 were not taken out of these models. Roberts commented that the end of year cash for 90-91 year is understated by about \$500,000.

Johnson and the department directors recommended that the Committee use the model with reductions of \$1.7 million. Roberts commented that the County cannot have a flat spending curve in nominal dollar terms unless it will have a constant, year after year reduction in service. This would be a commitment to a continuing downturn in the amount of services that the County will provide and is a short-term goal. The current revenue base does not grow evenly with the cost of living. Johnson asked the Committee to give direction on the target that it would like staff to meet.

Dumdi recommended that cuts of \$2 million be made in the 91-92 budget. Rust agreed. Rasmussen commented that the Committee is talking about a beginning point and he suggested that the beginning point be lesser rather than greater. Roberts commented that \$2 million is not enough to avoid cutting into the reserves. Bartel suggested that the County prepare for the worst, but suggested that the Committee think through O&C receipts prior to deciding how much to cut and prior to losing some good people.

Bartlett asked if Drivas could determine the amount of the windfall that Ballot Measure 5 is bestowing upon the Lane County business, industry and rental property interest. Jim Gangle, Assessor, commented that it would be very difficult on rental properties because they are not tracked. He stated that it would be difficult until Ballot Measure 5 has worked through the Legislature, though estimates could be put together on business properties.

Johnson commented that he and the department directors agreed that the reserves were saved for a rainy day and they believe that day is here. He suggested that more of the reserves be used the first year because of the long-range plan. Roberts proposed large cuts initially - \$3 million - and stated that there would be no time to react if the reserves were depleted. Cornacchia stated that he would like to see what the model would look like with \$3 million, \$4 million and \$5 million in cuts. He stated that it was imperative that this organization show its employees what the impacts of this decision will be. Johnson stated that it would be difficult to come up with \$5 million in cuts in 30 days.

Roberts suggested that there be a Budget Committee retreat to discuss the immediate and long-range issues sometime within the next two weeks. Dumdi commented that the County must start downsizing now and that \$2 million is a minimum. She agreed with Cornacchia that employees should be able to plan ahead prior to the actual reductions. Dumdi announced that yesterday in the AOC Board of Directors meeting the local government organizations tried to form a coalition including the Oregon School Board Association and the Oregon Education Association. Those two groups have refused to work with the local government organizations and would like to change the formula to a 50-50 split.


MOTION: To cut \$3 million from the 91-92 budget. Rust MOVED, Roberts SECONDED. VOTE: 6-3, Bartlett, Cornacchia and Rasmussen dissenting.

The Committee discussed a retreat within the next two to three weeks to decide how this target will be reached.

- c. Long Range Financial Plan and Service Priorities - Approach for 91-92 short-term and interim approach for 92-93 long-term

Johnson commented that the ideal situation occurs when everyone has equal knowledge of all of the County services and is familiar with how the services are delivered, the results and expectations of those services by the community, etc. He suggested that each member complete the rating form for the County which is attached to "Ideas for a Short and Long-Term Process for Setting Priorities for County Services" (see material on file). Rust suggested that each member do the survey and then schedule the retreat to discuss the results of the survey. The Committee concurred with this suggestion.

There being no further business, this meeting adjourned at 7:23 p.m.


Judy Haldeman
Recording Secretary